



*The*  
**next** mile

**TERRA**

MOBILE MONEY  
& DIGITAL PAYMENTS  
GLOBAL

1-3 DECEMBER 2015 // ISTANBUL, TURKEY

**MOBILE FUTURE for REMITTANCES**



*The*  
**next** mile

MOHR.WORLD  
**MW**

**Adopting winning business models  
to catalyze usage**

**Hugo Cuevas-Mohr**  
*Mohr World Consulting*

# Discussion Topics

- Developing innovative business models (IBMs): A major priority
- Major failures of IBMs: Assumptions
- Building Blocks of IBMs
  - The Customer Experience
  - The Ecosystem
- Mobile Remittance BMs in play today



## Developing innovative business models (IBMs): A major priority

- **Nine out of ten companies** are engaging in business-model innovation, and an incredible **98%** are modifying their business models
- The success or failure of a company's business model depends largely on how it **interacts** with models of other players in the industry
- Many **new business models fail** when enterprises compete using business models that differ from others because the outcomes are difficult to predict.
- Smart companies design business models to trigger **Virtuous Cycles** that, over time, creates a dynamic that's similar to that of network effects.

<https://hbr.org/2011/01/how-to-design-a-winning-business-model>

## Major failures of IBMs: Assumptions

- The problem in the field of strategic planning is that **the assumptions** that have been made are almost never clearly documented or highlighted. As a consequence, they are rarely scrutinized or challenged as they should be.
- There is no universal set of **strategic assumptions** that must absolutely be scrutinized or challenged in every organization's business-model.

<http://iveybusinessjournal.com/publication/strategic-assumptions-the-essential-and-missing-element-of-your-strategic-plan/>

## Major failures of Mobile RBMs: Assumptions

- What are the major failures in Mobile Remittance Business Models (Mobile RBMs)
  - All **strategic assumptions** must absolutely be enumerated and documented (scrutinized and challenged?) in every organization's business-model.
  - These assumptions normally are:
    - Remittance users are not happy with the current solutions in the market
    - Remittance users are overcharged and they are looking for cheaper solutions
    - Remittance users prefer to use services from the comfort of their home
    - Cash remittance models are dying

## Major failures of Mobile RBMs: Remittance Assumptions

- “We know remittance users” – In fact, we know very little about Remittance users
  - There are many characteristics of remittance users
    - Origination country – regional, cultural, socio-economic & religious differences
    - Destination country – language barriers, employment, acceptance, financial access
    - Remittance Senders: Gender & Employment, Age (Technology Barriers)
    - Remittance Recipients: Relationship, Control of Funds
  - Remember: 50% of remittance flows are informal: only 50% are recorded

## Major failures of Mobile RBMs: Remittance Assumptions

- “We know remittance users”
  - “A real, deep understanding” of customer needs is crucial for the success of mobile money services, rather than attempting to use a template to deploy the same solutions across different markets”. The most important lesson for Tigo in Latin America has been that we have not taken the African model and said ‘have the same model’.
- Greg Reeve, Millicom COO Mobile Financial Services

<http://www.mobileworldlive.com/money/news-money/deep-customer-understanding-key-mobile-money-success-millicom-chief/>



## Major failures of IBMs: Ideals

- “Financial Inclusion is a Major Objective” – In fact, no remittance customer cares about Financial Inclusion (*that doesn't mean “we” don't think is important*)
- “We will significantly reduce the cost of remittances” - There are many hidden costs in digital payments that are not being accounted for (compliance, fraud, exchange rate fluctuation)

# Building Blocks of Mobile RBMs: The Customer Experience

- Develop your Customer Persona
  - Need to create **reliable and realistic representations** of your key audience segments for reference based on qualitative and some quantitative user research and web analytics (personas are only as good as the research behind them)
  - Effective personas represent a major user group for your product, express and focus on the **major needs** of the most important user groups & give a clear picture of the **user's expectations** and how they're likely to use the product
  - Personas are essential so everyone on the team (management, IT, marketing, compliance) knows exactly who is the user and what are the expectations
  - Personas not only need to be descriptive, but also predictive.”

<http://www.usability.gov/how-to-and-tools/methods/personas.html>

<http://blog.invisionapp.com/predictive-personas/>

# Building Blocks of Mobile RBMs: The Customer Experience

- A flexible and ever evolving business model: *Be prepared to try, fail, retry...*



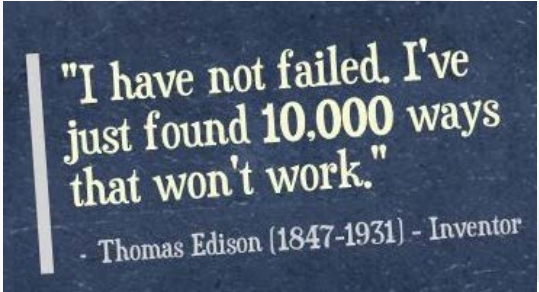
**Geoff Teehan**  
TEEHAN+LAX

A successful product is never done or perfect. It's a constant process of assessing the landscape, making hard choices and accepting trade-offs.



**Matt Mullenweg**  
WORDPRESS

Usage is like oxygen for ideas. That means every moment you're working on something without it being in the public it's actually dying, deprived of the oxygen of the real world.

A dark blue rectangular graphic with a white border, containing a quote by Thomas Edison. The background of the slide features a network of icons (people, mobile phones, laptops) connected by lines, with a globe in the center.

**"I have not failed. I've just found 10,000 ways that won't work."**

- Thomas Edison (1847-1931) - Inventor

# Building Blocks of Mobile RBMs: The Environment

- We don't build products in a vacuum
- We need to make sure we understand the environment
  - What are we? Bank, Non-Bank, Telco, MTO
  - Partnering, partnering, partnering –
    - *'what we do is complete, not compete'*: Greg Reeve, Millicom COO
  - Regulation & Politics: who is favoring who and why?
    - As of 4/2015, 6 of 19 (32%) mobile money markets in LAC have an enabling environment for mobile money, up from 2 in 2012. By comparison, 10 of 13 (77%) East African MMMs, and 47 of 89 (53%) MMMs globally, are considered 'enabling'
  - Compliance: KYC is key (Risk Assessments)
- Role of domestic remittances as a step to international remittances?

## Building Blocks of Mobile RBMs: The Environment

**Cross-border payments inefficiencies are opening doors for new players.** The entry of nonbank players and new infrastructure demands are not limited to domestic payments: they will also affect cross-border payments. To date, banks have done little to improve the back-end systems and processes involved in cross-border payments. As a result, cross-border payments remain expensive for customers, who also face numerous pain points (for example, lack of transparency and tracking, as well as slow processing times). However, as nonbank players increasingly encroach on the traditional cross-border turf of banks— **moving from consumer-to-consumer to business-to-business cross-border payments** —they will force many banks to rethink their long-standing approaches to cross-border payments

[http://www.mckinsey.com/insights/financial\\_services/how\\_the\\_payments\\_industry\\_is\\_being\\_disrupted](http://www.mckinsey.com/insights/financial_services/how_the_payments_industry_is_being_disrupted)

# Remittance Mobile RBMs in play today

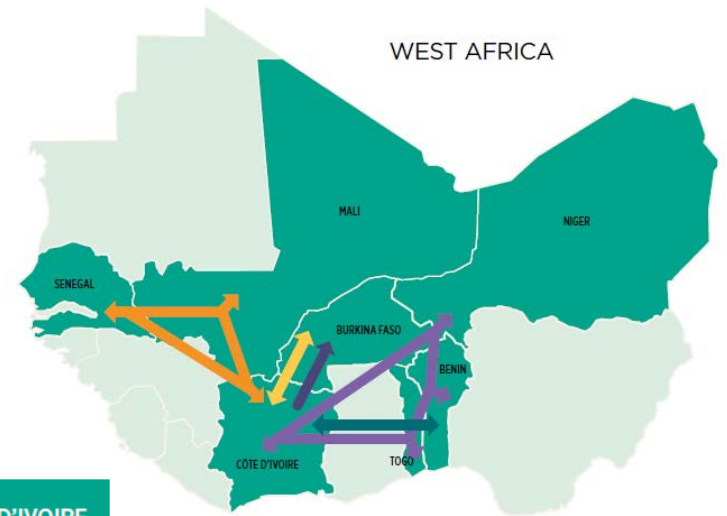
## Africa

- Tigo Tanzania and Tigo Rwanda
- Orange Côte d'Ivoire, Orange Mali, and Orange Senegal
- Orange Côte d'Ivoire and Airtel Burkina Faso
- MTN Côte d'Ivoire and MTN Benin
- MTN Côte d'Ivoire and Airtel Burkina Faso
- Moov Côte d'Ivoire, Moov Benin, Moov Niger and Moov Togo
- Safaricom Kenya and Vodacom Tanzania
- Airtel Zambia, Airtel Rwanda, and Airtel DRC

<https://www.saveonsend.com/blog/xoom-money-transfer/>



# Remittance Mobile RBMs in play today



	ORANGE MONEY CÔTE D'IVOIRE, MALI, AND SENEGAL	MTN MOBILE MONEY CÔTE D'IVOIRE & AIRTEL MONEY BURKINA FASO
Operators involved	Single group	Multiple groups
Markets included	3	2
Central bank	Single central bank (BCEAO)	
Forex requirements	Single currency (CFA franc)	
Interoperability model	Direct bilateral agreements	Indirect settlement hub (HomeSend®)
Revenue share model	'Bill and keep'	Shared sending fees
Core value proposition	Convenience	Affordability

# Remittance Mobile RBMs in play today

- Orange Money International Transfer (Côte d'Ivoire, Mali, Senegal)
- Largest flows in Sub-Saharan Africa: Côte d'Ivoire to Mali.
- in-house implementation.
- In 18 Months (2SEM2014): 25% of all remittances in these 3 markets.

The screenshot shows the Orange Money website for international transfers. At the top, it says 'Orange Money Transfert International' with navigation links for 'se connecter' and 's'enregistrer'. Below the header, there are tabs for 'qui sommes nous?', 'comment envoyer de l'argent?', 'pays de destination', 'FAQ', 'tarifs', and 'contact'. The main content area features a banner for 'transfert d'argent vers la Côte d'Ivoire, Madagascar et le Mali' with a 'tarif' of 5€ 'hors promotion spéciale'. A message states 'votre réseau s'est étendu transférez de l'argent également vers la Côte d'Ivoire, Madagascar et le Mali' with flags for Côte d'Ivoire, Madagascar, and Mali. Below this, there are three sections: 'transférez de l'argent' with 's'enregistrer' and 'se connecter' buttons; 'le transfert d'argent avec Orange Money c'est:' with a list of service guarantees; and 'simuler votre transfert d'argent' with a form for destination (Côte d'Ivoire), amount, and currency (EUR), and a 'calculer' button.



## Remittance Mobile RBMs in play today

- MTN Mobile Money (Côte d'Ivoire to Airtel Money in Burkina Faso)
- Two operators agreeing to interoperate mobile money services to facilitate cross-border transfers involving an intermediary hub, Homesend (Mastercard).
- Uptake was very fast, and the last quarter of the year launch flows valued for 9 per cent of the whole year estimated flows (US\$9 million in 3 months of a US\$100 million yearly corridor).

# Mobile RBMs in play today

## Latin America

- Success: Type I markets—the poorest countries in the region with relatively low banking penetration rates, such as Bolivia, El Salvador, Guatemala, Honduras and Paraguay
- Are mobile money services filling a banking infrastructure gap?
- Is Banking Regulatory Pressure lower in markets with low banking penetration rates and thus enabling Mobile Money regulation moving forward?
- Three of these markets - **Paraguay, El Salvador, and Honduras**, are in the top 15 mobile money markets in the world (*when ranked by 90-day active accounts as a proportion of the total adult population*)

# Mobile RBMs in play today

## Paraguay

- Elements for the Development of Mobile Money
  - Low level of financial inclusion
  - Positive regulatory environment
  - Simplified KYC requirements
  - Bi-directional remittance flows
- Key success factors in the Tigo deployment
  - Deep market understanding
  - Willingness to re-design the product according to the clients' needs
  - Incentivising dealers to manage liquidity & careful agent selection
  - Quality control and customer service

### Giros Tigo Agent Transactions:<sup>17</sup>

	% of transactions sending money	% of transactions receiving money
Agents in urban areas	50%	50%
Agents in rural areas	53%	47%

*Mobile Money in Latin America - A case study of Tigo Paraguay*

# Mobile RBMs in play today

## Paraguay



- Tigo Money (1'200.000 users) y Pagos Personal (500,000)
- Tigo Money does about 25.000 transactions
- 3.000 agents
- 28% of the population is using mobile financial services (6'300.000 total population)

<http://www.paymentmedia.com/news-1342-en-paraguay-hay-cerca-de--usuarios-del-dinero-mvil.html>

## Mobile RBMs in play today

### El Salvador: **Tigo Money**

- Launched in 2011
- 2,000 agents across the country
- Over 20% penetration of Tigo's mobile subscriber base to date (*amongst Millicom's strongest deployments globally*)
- Domestic P2P have not been the key driver of growth but bill payment services & remittances (*partnership with Western Union, non-exclusive*)
- Close to 5% of adults in El Salvador have a mobile money account, (LAC average is 1.7% - highest penetration rate of mobile money accounts in the region)
- Deployment to Honduras & Guatemala



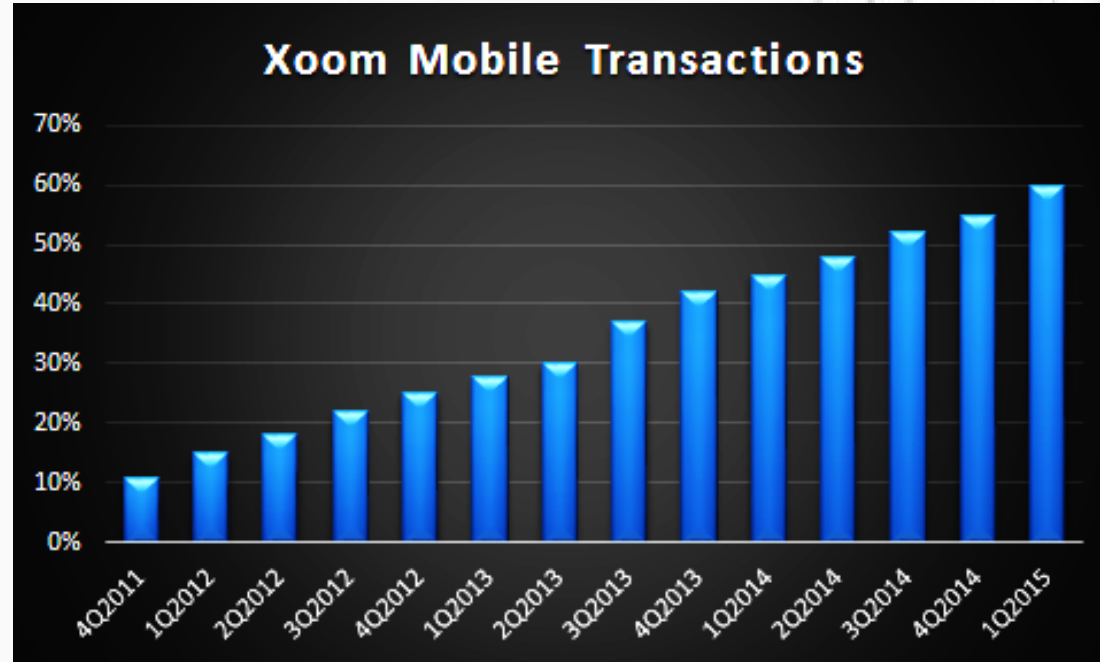
# Mobile RBMs in play today

- XOOM (US to Latin America, Philippines, India, UK)

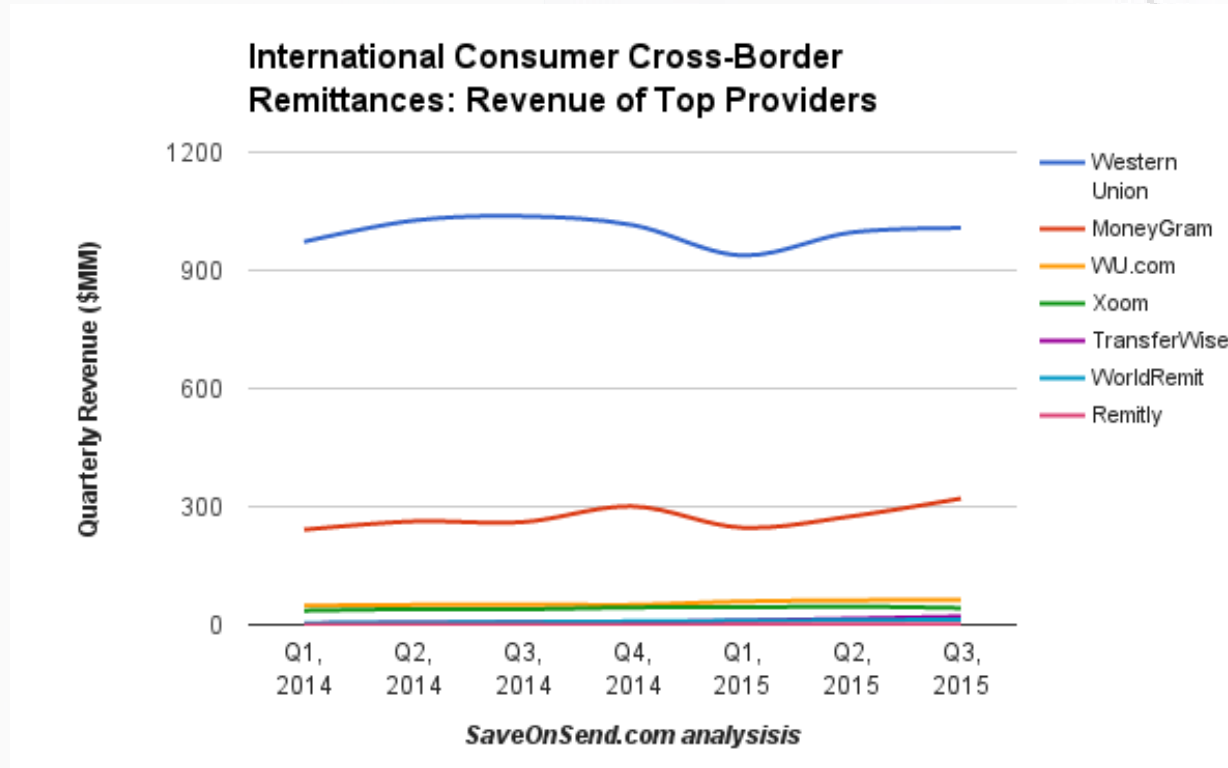


# Mobile RBMs in play today

- Online Channel going mobile



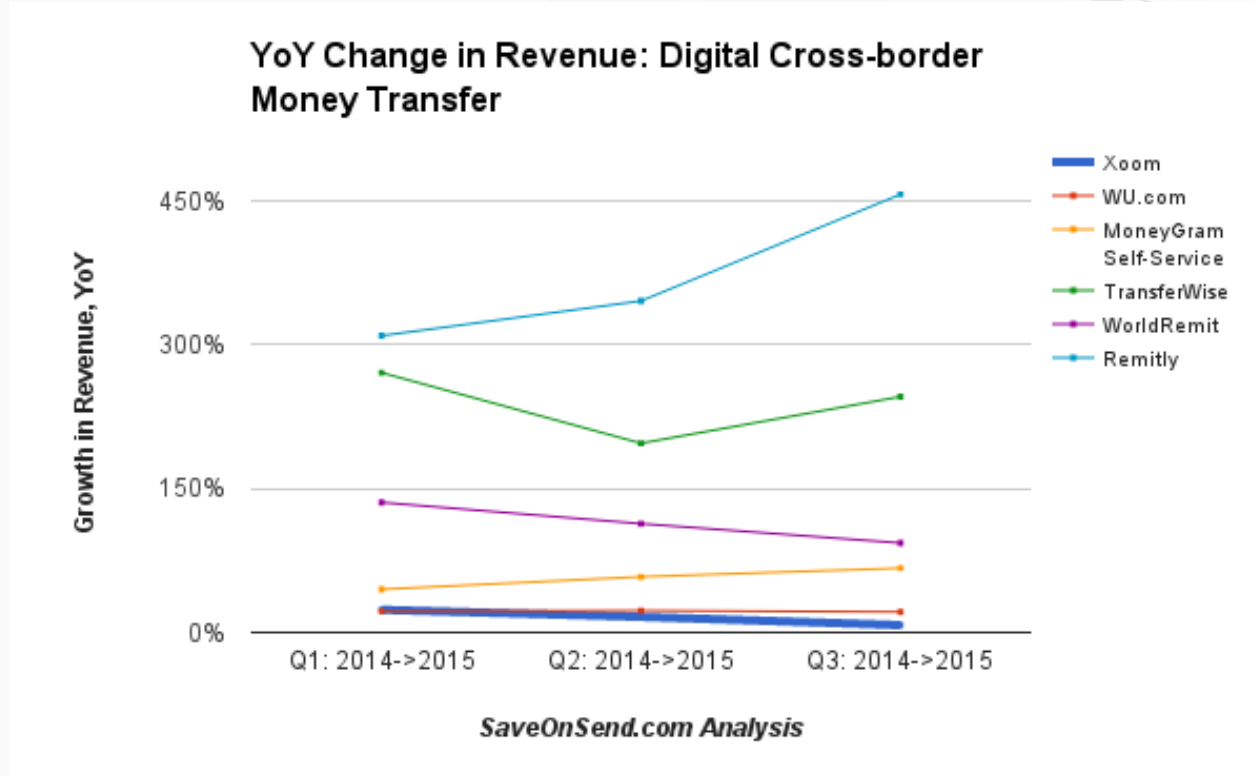
# Mobile RBMs in play today



<https://www.saveonsend.com/blog/xoom-money-transfer/>



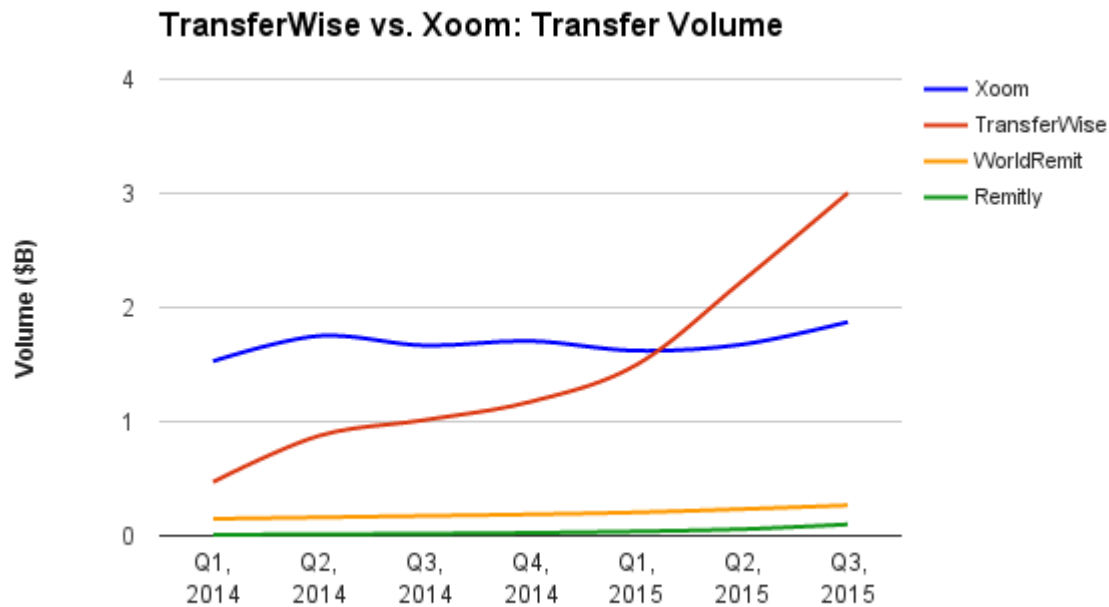
# Mobile RBMs in play today



<https://www.saveonsend.com/blog/xoom-money-transfer/>



# Mobile RBMs in play today



Source: SaveOnSend.com analysis

<https://www.saveonsend.com/blog/xoom-money-transfer/>

# Thank You



**Hugo Cuevas-Mohr**  
**Mohr World Consulting**

[hugo@mohr.world](mailto:hugo@mohr.world)

[@mohrworld](https://www.instagram.com/mohrworld)

<http://mohr.world>